

October 1, 2002

To the Honorable Board of County Commissioners and the Citizens of Seminole County,

I am pleased to present to you the adopted budget for fiscal Year 2002/2003. As you know, last year we embarked on a two year budget process for the first time. The Board of County Commissioners tentatively approved the budget for FY 2002/03 during the budget adoption process last September. The two-year budget process was designed to substantially reduce the time and effort afforded to our budget process, as well as to assist in our organizational financial planning. I believe we have met these stated goals. It is important to note that the two year budget process began as the economy entered a downward cycle. As part of this process we anticipated the economic slowdown and took actions that prepared the County well for weathering these economic challenges. This is evidenced by the financial stability that the County has enjoyed during this difficult period.

The adopted budget for FY 2002/03 is \$562,186,611. It has been modified only slightly from the tentatively approved budget. Many of the modifications are the result of business decisions which the Board made or authorized during the past year. Below are highlights of the changes included in the adopted budget:

**Revenues:**

- Property valuation has been appraised at an 8.6 percent increase over the past year. Funds that rely on property taxes (General Fund, Transportation Trust, Fire/Rescue and Natural Lands and Trails debt) have been modified accordingly.
- Utility taxes and tourist taxes have been adjusted to reflect current year trends.
- The communications services tax rate was reduced to provide tax relief to the citizens of Seminole County.
- Fund balance adjustments have been made to all funds to reflect current estimates of year-end balances.
- The unincorporated MSTU millage for Transportation Trust has been decreased and the unincorporated MSTU millage for Fire/Rescue has been increased by a like amount to accommodate the merger of Seminole County and Altamonte Springs Fire Departments. Utility tax will now be entirely dedicated to transportation to offset the millage reduction. These changes are essentially financially neutral to the affected funds, and the countywide millage remains at the same level as the previous year.

- All other revenue projections are on target.

#### **Expenditures:**

- The FY 2002/03 budget places a needed emphasis on our technology environment. The second half of our 800 MHZ upgrade and replacement project is funded in cash totaling \$2,150,000; a sinking fund of \$350,000 has been initiated in order to accumulate ongoing funding to meet our telecommunications needs; and the second year funding for the integrated financial system (which was included in the approved budget) has been increased by \$400,000 to reach a level which will be adequate to assist in the implementation of the quality system that has been purchased by the Clerk of the Court. This system integrates all financial components and meets all users' needs. These technology improvements are essential for Seminole County to retain its position of ensuring the highest quality public safety and financial accountability and were made feasible from revenue enhancements outlined earlier.
- The Tourist Development Fund has set aside \$700,000 for initial design work associated with the new convention center. Tourist Development bonds are expected to fund the bulk of the project and are anticipated to be issued in the spring of 2003.
- Funding of \$677,926 has been earmarked for the costs related to the ADA transportation services provided by Lynx. Revenues of \$326,509 are anticipated to be received from the cities to cover their share of these costs, leaving a net cost to the County of \$351,417.
- The ever-escalating cost of our court system is reflected in a \$400,000 increase to the court cost expenditure budget. This brings our budget in line with recent expenditure levels. We can, however, be pleased with the leveling out of court appointed attorney costs due to the new fee structure cooperatively passed by the judiciary and the Board in January 2001.
- As approved by the Board in May of 2002, we have included funding for HVAC replacement at the County Jail. The budget also includes an additional \$300,000 for security improvements at the jail which will meet accreditation requirements pursuant to Florida Model and Jail Standards.
- The Sheriff's Office budget is increased by \$964,281 over the tentatively approved budget to fund 10 new position enhancements including four (4) detention deputies and four (4) civilian control room monitors to staff a new central command and security station at the jail. Two (2) new Deputy Sheriffs are also included to staff the Community Service Area in District 4.
- Health insurance, workers compensation claims, and other insurance costs have taken their toll on Seminole County as with most other businesses and governments. Health insurance costs in the budget are included at a 19% increase. However, we increased

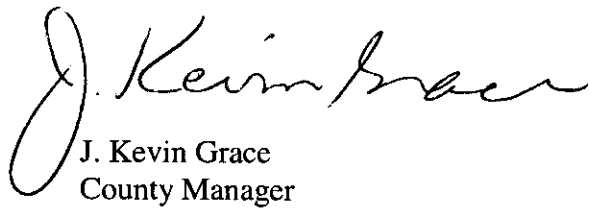
budgets for workers compensation and general insurance by approximately 54% or \$1.8 million. These increases are allocated to the various departments and therefore have impacted all funds countywide.

- Funds for the Seminole Community College Small Business Incubation Program were approved at \$100,000.
- Improvements to the Soldiers Creek Park and light poles for Pony League Baseball Program are included in the amount of \$323,500.
- An increase of \$750,000 is dedicated to road maintenance/minor projects.
- \$1,273,661 was added to our General Fund to bring reserves to a 3% level.
- A net increase of four new positions are requested in addition to those included in the tentatively approved budget. They include:
  - Two (2) Certified Trades Workers in Facilities Maintenance to manage the increase in numbers, size and complexity of our facilities.
  - Two (2) Senior Water Plant Operators to staff the third shift at the Southwest Regional Water Treatment Plant, and to enable monitoring and control of all nine water treatment plants and 240 lift stations throughout the County 24 hours per day.
  - A Senior Planner to assist in the County's economic development program. This proposal is to reinstate the position that was eliminated during the budget process last year.
  - Delete one team member maintenance position at Lake Sylvan to fund costs associated with special events.

We can be extremely proud of the accomplishments of the current year. The continuation of the one-cent sales tax program, approved by the voters, will ensure that Seminole County remains a state leader in education, as well as continuing to address our transportation infrastructure needs. Plans for our County's convention center are underway with completion of a 45,000 square foot complex estimated to be completed by year-end of 2004. Design for our new Criminal Justice Center has been approved and construction documents will be completed in November 2002. Occupancy is scheduled in two years. Funding for the voter approved trails development program has been secured and expansion of the major trails network is in progress. Extensions to the Cross-Seminole and Seminole-Wekiva trails and trails pedestrian overpasses are currently underway. The upgrade to the 800 MHz has been funded, and we have completed the fire merger with Altamonte Springs which results in substantial savings to the City and the County. Finally we can also be proud of our County's continued success in financial stability. Throughout a year of economic turbulence, we have remained steadfast in our delivery of service. In fact, we received bond rating upgrades which placed us among the top five counties in the State in terms of financial outlook and stability.

I have the highest regard for the ongoing contributions that the Board and our outstanding staff provide towards the continued success of Seminole County Government. It continues to be a pleasure to serve as the manager of this organization in this vibrant community.

Respectfully,

A handwritten signature in black ink, reading "J. Kevin Grace". The signature is fluid and cursive, with the first letter "J" being particularly large and stylized. The name "Kevin" is written in a standard cursive script, and "Grace" follows in a similar style.

J. Kevin Grace  
County Manager